



**Employment Training Panel**  
STATE OF CALIFORNIA EMPLOYMENT TRAINING PANEL  
POLICY COMMITTEE MEETING  
In person  
1100 J Street, Sacramento, CA, Sequoia Room  
**Thursday, December 14, 2023**

**I. POLICY COMMITTEE MEETING CALL TO ORDER**

Chair Gretchen Newsom called the meeting to order at 1:04 p.m.

**II. ROLL CALL**

Present

Gretchen Newsom  
Rick Smiles  
Rebecca Bettencourt

Executive Staff

Jessica Grime, Director  
Peter Cooper, Assistant Director  
Jaime Gutierrez, Chief Deputy Director

ETP Representatives

Elisabeth Testa, Policy Manager

**III. MEETING AGENDA**

No changes to December 14, 2023 Agenda.

**ACTION:** Mr. Smiles moved and Ms. Bettencourt seconded approval of the December 14, 2023 Meeting Agenda with no changes. All Policy Committee Members present voted in the affirmative.

Motion carried, 3 to 0.

**IV. MEETING MINUTES**

No changes to October Meeting Minutes.

**ACTION:** Mr. Smiles moved and Ms. Bettencourt seconded approval of the October 26, 2023 Meeting Minutes with no changes. All Policy Committee Members present voted in the affirmative.

Motion carried, 3 to 0.

## **V. ACTION ITEMS**

**No action items**

## **VI. DISCUSSION ITEMS**

### **A. POTENTIAL ELIMINATION OF THE RETRAINEE JOB CREATION PROGRAM**

There was a Brief Issue Statement explaining the Retrainee Job Creation (RJC) program. Originally designed as a pilot program it was developed in response to the still elevated unemployment rates that arose out of the recession, specifically designed for hiring (unemployed new hires) among single employers. The program is still in effect 12 years later with no funds being allocated to it. Concerns were raised about the program's effectiveness and the lowered wage incentive for trainees. Staff recommendation is to eliminate the RJC program.

#### **Public comment was requested on this issue.**

Sonia Pugach stated that RJC is critically important for healthcare companies because it allows for entry level occupations such as CNA's. Healthcare companies are not qualified for standard wages due to the lack of out of state competition. Entry level CNA's are automatically excluded from ETP training. Comparing new hire and job creation, job creation has a major advantage because trainees are already employed and receive wages while training. If lower wages are not needed we can just put them in the regular job but if we need to request lower wages for recent hire trainees it should be worthwhile to keep them in a separate job.

Phillip Herrera agreed that he would remove the RJC in order to simplify the program. The other thing that has been trouble for us is developing single employer applicants because the employer has been hesitant to make public what their hiring goals are and they low ball in most cases. So he's always moving money for job to job. I see that this is no longer necessary.

Jill Meeuwsen agreed with some of what the policy committee was saying. But that there's a place for the lower wages and job creation. It's a mess on the administrative side. But it's important for unskilled workers that are coming in to be able to have that lower wage. A suggestion is that something like what was done in the Healthcare funds where there's a noted increase that has to take place from those new hires, from start to train till end of retention. I'm not a fan of ditching it altogether.

Julianna Kirby commented that they were around at the inception of the job creation and recall at the time there was even a different reimbursement rate for it. That was maybe a little higher. Then as the rates shifted and everything kind of became the same, we stopped using that category to simplify administration of the project and simplify the understanding of the project for the employer as well. Asking employers to pay an upscaling wage for an incumbent worker who already has skills but needs upskills might keep them from hiring someone less that fully skilled and skill them up. Do not want to De-incentivize an employer for taking on an early career professional and being able to pay them that starting wage. She agreed that the program has served its purpose. But would like to see another option allowing employers to bring in early career professionals and scale them up to the higher wage.

Rocio Leon commented that she understood all the arguments being made. The job creation classification is extremely helpful to small manufacturers with between 20 and 75, 80 employees, bringing in people with limited to no skills. Being able to provide that incentive to bring those people in is very valuable.

There were no more hands raised for public comment.

### **Panel member feedback**

Comment was made about the possible confusion regarding “net new jobs”, which we don’t have a good way to measure. We see some very high percentages currently for job creation in Panel packets some double figure turnover. We need to get really fine on how we can measure net new to continue to help support some of those other areas where people are having that challenge. Tighter guidelines to it, that’s where we need to focus if we think it is important to keep.

Concur with those comments. However the program is no longer of use and that we have the job creation program and categorization itself. This program should be retired which will make things simpler for everyone.

Concur that it served its purpose and had its time. It’s not really having an impact and it’s time to simplify.

Elisabeth Testa will speak with Executive leadership after a proposal to eliminate the RJC program may come to Panel in January.

### **B. REPEAT CONTRACTORS**

We see the same contractors coming back repeatedly for additional contracts. Recently Panel has been raising concern with the timing of the next contract and with repeat contractors more generally issues such as: Prior performance requirements of the contract. Repetition of curriculum from one contract to another and the same trainee’s participation in successive contracts. There is currently one rule regarding repeat contractors which states that the single employer has to wait 18 months before they can apply for another contract. The current contract must have reached 75% potential earned performance in order for the next contract to not be right sized. MEC’s are not subject to the repeat contractor rule.

One particular point of confusion is the potential earned vs fully or actually earned amount. If a MEC has a prior contract finished and done, we know the earned amount. If they were originally awarded say \$500,000 for their contract, but they only earned \$200,000 they will be right sized to the lesser amount. But when there is an active contract and they are coming back, we have no idea what the earned amount is and that’s why we use the potential earned amount. Rarely are the amounts the same. Problems expressed were frequency, repetition of curriculum, prior performance information and repetition of trainees, which they might be training again.

Staff is looking for ways to help address some of the issues we are currently seeing. Multiple potential solutions were provided, including altering the repeat contractor rule, raising caps and allowing funding increase amendments, and providing more information into the panel

proposals, among others.

**Public comment was requested on this issue.**

Julianna Kirby suggested prioritizing the issues, breaking them into subsets and dealing with them in phases. Specifically regarding single employer contracts the employers they work with don't have time to retrain the same people on the same content. Regarding the curriculum it may seem the same if you have a topic called "new products and services" but it's not the same products and services as 2 years ago. She agreed that coming to Panel with full complete information and full earning is important. It can take up to 9 months to get the final invoice approved so they don't know how much earning they will have.

Israel Dominguez concurred with everything Julianna said. He is in favor of raising the cap versus going back and applying. One contract finished and had to wait to reapply which caused a gap in providing ETP subsidized training. He recommends considering changes carefully because of unintended consequences.

Dave Teasdale (Kern CCD) concurred with Julianna and Israel. He feels a small task force should work on the issues.

Annie Rafferty (Butte CCD) agreed with Dave Teasdale and doing a single employer committee and MEC committee because they have different goals and needs. More information in the Panel packet for making decisions is a benefit. Increasing the rate while we are waiting is a benefit. A committee could bring mindful planning. As a MEC we have different groups of people going through a series of training, limiting the ability to come back we may be talking about different groups of people.

Phillip Herrera representing single employers in the semiconductor industry and life sciences. He feels big strides could be made quickly by adopting a 24 month rule.

Jorge Zegarra (College of the Sequoias) concurs that it is a complex issue and a task force is a good idea. The contract rule that no contractor can have a second contract until the first is closed is a concern because it creates huge gaps in the training.

Rocio Leon stated raising the cap would help and concurred with the task force idea. Why did the substantial contribution go away? It seems to make sense in some instances. Going to agree with the task force that would look at how to deal with the issues, MEC and single employer separately.

Nathan Daily (CMTA) wanted to point out repeat trainees coming back in one contract after another. The employee gets 40 hour worth of training if they move on to the next contract and then the one after that. They still are not near 200 hours' worth of training that they could get in a single contract. If you look at the beginning of the application process it takes several months before coming before the Panel.

Larry Mandell addressed 2 things: one looking at a new application versus a revision for money purposes it seems like it would be a lot simpler from the stand point of staff fewer things to be reviewed. Second why train the same person year after year? ETP only provides apportion of training cost. If you have an employee making \$40-50 per hour and are paying them \$23 for time

spent training that is a loss to the company in cash and profitability.

## **Panel Member Feedback**

Comment was made that the legislation and regulations that drive ETP should be a starting point. It's supplementing rather than displacing, fostering creation of high wage jobs, encouraging industry based investment. When contractor are coming back every year or 18 months is it mirroring our purpose? An example if employee A received training under contract A and then continues to receive training under contract B. Are they coming to high wage jobs? A resting period before the contract comes to panel again so we have the actual not the potential earnings. There would be no need to right size later on if you have 75%. There is curriculum that is 80-90% the same from contract to contract. Is it about replacing training funds? They need to show some path or progression that the employees are receiving. Another member agreed, no one likes guessing when dispersing funds.

If they are a repeat contractor a better understanding of what the impact is on the trainee, either in the curriculum or the number of certificates that have been provided to the trainee or wage progression as they come back especially if they continue to have lower wages.

Unsure if increasing caps is going to help. Are we considering that or saying firmer guidelines before you can come back.

Historically we lowered the caps many years ago when we were going through a recession and when things got better we didn't really increase them. We don't want to add 50% or more. We want to see more of a demonstrated success as to the effect the curriculum and training are having on a trainee. And a tightening of the performance prior to looking at whether or not to increase the caps.

Those requesting a task force the Policy Committee is in effect the task force. Recommendation was to address the repeat contractor and then talk with fiscal about issues (budget, billing, errors and accuracy and timing). Then we can start looking at concurrent enrollment again.

First addressing the use of funds and repeat contractors and how many are coming back on a fairly vicious cycle, needs to be done. Knowing how the industry runs and being aware of annual raises if contractors are coming back year after year, annual raises is probably what employees are getting more so than a progression wages unless they are in an apprenticeship program. Giving a period of 24 months before you can apply or start your application could be up for question but you can't come to Panel unless your contract is at 75% actual earnings. All Committee members agreed.

Conclusion: Committee decided upon a phased approach: 1) amend the repeat contractor rule to be that any applicant must reach 75% actual earned amount before applying for a subsequent project, with no contractor types exempt, and no set 'time limit' on returns – just use of the 75% actual earned amount; 2) adding audit information into Panel Proposals; 3) potentially raising project caps and allowing funding increase revisions; 4) everything else, including adding other information into the Proposals (ie: certificate information, etc.), ensuring that applications are unique and mapped to the ETP mission, etc. A proposal to amend the repeat contractor rule will be brought before Panel. The Executive Team and Policy Committee will continue to consider next steps. at revising the repeat contractor rule to use the earned amount (not

potential). Having more information in the Panel proposals, especially about the trainee experience and their wages (including any certificates earned). Think about raising caps Panel will be setting caps for this coming fiscal year in the spring. This will be taken to the Executive Team to review about next steps.

Everyone commented on how well written and comprehensive the Elisabeth Testa memos were.

**VII. OPPORTUNITY FOR POLICY COMMITTEE MEMBERS TO REQUEST AGENDA ITEMS FOR FUTURE PANEL MEETINGS**

There is currently an upcoming list of items already, nothing new was added. Request to have list listed at next meeting.

**VIII. PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA**

Rocio Leon commented about that ETP used to commission studies on individuals that did not go through training specifically training that was funded by ETP and those that did. The studies showed a significant impact to individuals that participated. Could those studies be done again?

**IX. MEETING ADJOURNMENT**

Chair Newsom adjourned the meeting at 2:35 p.m.